

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Ottosen Post Office
Ottosen, Iowa

Docket No. A2011-57

REPLY BRIEF OF THE PUBLIC REPRESENTATIVE

November 8, 2011

I. INTRODUCTION

On August 29, 2011, the Commission received a petition from Citizens of Ottosen (Petitioner) to review the Postal Service's decision to close the Ottosen Post Office in Ottosen, Iowa (Ottosen Post Office).¹ On September 1, 2011, the Commission issued Order No. 836, which institutes the current review proceeding, appoints a Public Representative, and establishes a procedural schedule.² In accordance with Order No. 836, the Postal Service filed the administrative record for the closing.³ The Postal Service filed comments concerning the appeal.⁴

II. STATEMENT OF FACTS

The Ottosen Post Office provided retail postal services and service to 22 post office box customers. Administrative Record, Item 13. No delivery customers were served through this office. *Id.* The Ottosen Post Office, an EAS-55 level facility, had

¹ Petition for Review Received from Citizens of Ottosen regarding Ottosen, Illinois Post Office 50570, August 29, 2011 (Petition).

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 1, 2011 (Order No. 836).

³ United States Notice of Filing, September 13, 2011 (Administrative Record). The Final Determination appears as item 47 of the Administrative Record.

⁴ United States Postal Service Comments Regarding Appeal, September 24, 2011 (Postal Service Comments).

retail and lobby access hours of 8:00 a.m. to 11:30 a.m. and 1:00 p.m. to 4:15 p.m., Monday through Friday and 10:00 a.m. to noon, Saturday and lobby access hours of 8:00 a.m. to 4:15 p.m., Monday through Friday and 10:00 a.m. to noon, Saturday. Final Determination at 2.

The Ottosen Post Office postmaster retired on April 3, 2008. An OIC had been installed to operate the office. *Id.* Retail transactions averaged 12 transactions daily (11 minutes of retail workload). *Id.* Office receipts averaged less than \$21,000 annually for the past three years. *Id.* There are no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates saving \$33,979 annually. Administrative Record, Item 29.

After the closure, retail services will be provided by the Bode Post Office located 7 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through this office. Delivery will be provided to cluster box units. Parcel lockers also may be installed. Bode Post Office is an EAS-13 level facility, with retail hours of 8:30 a.m. to 4:00 p.m., Monday through Friday, and 8:30 a.m. to 9:00 a.m., Saturday. One hundred forty post office boxes are available.

III. POSITIONS OF THE PARTIES

A. Petitioner

The Petitioner opposes the decision to close the Ottosen Post Office in view of the requirement to provide a maximum degree of effective and regular postal service to rural areas, communities, and small towns where the post office is not self sustaining. Petitioner foresees inconveniences in purchasing postal services, and has concerns about the receipt of accountable mail. Petitioner states the loss of the post office will mean the loss of community identity. Petitioner notes there will not be a postal representative local to the community for resolving issues. Finally, Petitioner questions the estimate of cost savings given that the lease runs through 2015, and the OIC is not paid as much as a postmaster. See Petition.

B. The Postal Service

The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact upon the Ottosen community, and (3) the economic savings expected to result from discontinuing the Ottosen Post Office. Postal Service Comments at 1. The Postal Service contends that it has given these issues serious consideration. *Id.* The Postal Service also asserts that it has considered other statutory issues such as the calculation of economic savings and the impact on postal employees. *Id.* at 2.

IV. STANDARD OF REVIEW AND APPLICABLE LAW

A. Standard of Review

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination on the basis of the record that was before the Postal Service. The Commission is empowered by § 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be: (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.⁵

B. The Law Governing Postal Service Determinations

Prior to making a final determination to close or consolidate a post office, the Postal Service is required by 39 U.S.C. § 404(d)(2)(A) to consider: (i) the effect of the

⁵ Section 404(d)(5) also authorizes the Commission to suspend the effectiveness of a Postal Service determination pending disposition of the appeal.

closing on the community served; (ii) the effect on the employees of the Postal Service employed at the office; (iii) whether the closing is consistent with the Postal Service's provision of "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;" (iv) the economic savings to the Postal Service due to the closing; and (v) such other factors as the Postal Service determines are necessary. See 39 U.S.C. § 404(d)(2)(A)

In addition, the Postal Service's final determination must be in writing, address the aforementioned considerations, and be made available to persons served by the post office. 39 U.S.C. § 404(d)(3). Finally, the Postal Service is prohibited from taking any action to close a post office until 60 days after its final determination is made available. 39 U.S.C. § 404(d)(4).

V. ARGUMENT

A. The Postal Service Appears to Have Followed Required Procedural Steps in Reaching its Final Determination

The record indicates the Postal Service has taken the following steps in reaching its Final Determination. On March 25, 2011, the Postal Service distributed 22 questionnaires to post office box customers and made questionnaires available at the counter for retail customers. Final Determination at 2. Eight questionnaires were returned. *Id.* On April 11, 2011, the Postal Service held a community meeting with 29 customers in attendance. *Id.* The Postal Service posted the proposal to close the Ottosen Post Office at the Ottosen and Bode Post Offices for approximately 60 days, from April 29, 2011, to June 30, 2011. *Id.* The Final Determination was posted at the Ottosen Post Office from August 15, 2011, to September 16, 2011. *Id.* at 1.

The Public Representative believes these steps demonstrate that the Postal Service sought input from the public, and substantially complied with the notice and posting requirements of 39 U.S.C. § 404(d).

B. The Postal Service Appears to Have Considered the Pertinent Factors of 39 U.S.C. § 404(d)(2)(A)

(1) The effect of the closing on the community served

The Final Determination summarizes the issues raised and Postal Service responses concerning the affect on the community. The issues were identified through questionnaires and the community meeting. *Id.* at 2-5.

In reviewing the summaries presented in the Final Determination, the Public Representative concludes that the Postal Service has attempted to consider and respond to all issues raised concerning the effect of the closing on the community served.

(2) The effect on the employees of the Postal Service employed at the office

The postmaster retired on April 3, 2008, and an OIC had been installed. It appears, but the Public Representative is not certain, that the OIC was in the non-career postmaster relief (PMR) program. The Postal Service states that the PMR may be separated from the Postal Service, and that no other Postal Service employee will be adversely affected. Final Determination at 5.

The Public Representative concludes that the Postal Service has considered the effect on employees of the Ottosen Post Office.

(3) Whether the closing is consistent with the Postal Service's provision of "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining"

The Postal Service asserts that customers of the closed Ottosen Post Office may obtain retail services at the Bode Post Office located 7 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Bode Post Office. The 22 post office box customers may obtain post office box service at the Bode Post Office. The Postal Service states that service will be provided to cluster box units and

that a parcel locker may be installed. One hundred forty post office boxes are available at the Bode Post Office.

The Public Representative concludes that the Postal Service has arraigned for the customers of the Ottosen Post Office to continue to have access to effective and regular postal services.

(4) The economic savings to the Postal Service due to the closing;

The Postal Service estimates annual savings of approximately \$33,979 from closure of the Ottosen Post Office:

Postmaster Salary (EAS-53, No COLA)	\$23,026
Fringe Benefits @ 33.5%	7,714
Annual Lease Costs	<u>4,800</u>
Total Annual Costs	\$35,540
Less Cost of Replacement Service	<u>- 1,561</u>
Total Annual Savings	\$33,979

Final Determination at 5-6.

The Postal Service will incur a one-time expense of \$1,202 to install cluster box units. *Id.* at 6; see *also* Postal Service Comments at 9.

The Postal Service states that receipts for the Ottosen Post Office were: \$20,879 in FY 2008, \$19,415 in FY 2009, \$18,320 in FY 2010. *Id.* at 2.

The Public Representative concludes that the Postal Service has considered the economic savings due to the closing. However, the Public Representative does not believe the Postal Service will realize the full amount of its estimated cost savings. The Ottosen Post Office was being run by an OIC, presumably at a lower cost than a postmaster. Whether or not the OIC is terminated or reassigned also influences the potential for cost savings. Furthermore, the Postal Service will continue to incur lease obligations into 2015, unless other arrangements are made.

(5) Concerns Raised by the Customers

The Final Determination summarizes the concerns raised by customers and Postal Service Responses. The concerns were identified through questionnaires and the community meeting. *Id.* at 2-5.

The Public Representative concludes that the Postal Service has attempted to consider and respond to the issues raised by customers.

VI. CONCLUSION

The Postal Service's Final Determination to close the Ottosen Post Office appears procedurally in order. Aside from the concerns that the Postal Service will not realize the cost savings it estimates, the Public Representative concludes that no persuasive argument has been presented which would prevent the Commission from affirming the Postal Service's determination to close the Ottosen Post Office.

Respectfully submitted,

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